

INTERNATIONAL BUSINESS NEWS – MARCH 2005

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CHECKLIST OF REMEDIES FOR COMMON LETTER OF CREDIT DISCREPANCIES

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There are four situations that commonly lead to discrepancies in letters of credit (LCs):

- 1) Defective LCs;
- 2) Misinterpretation of the UCP (Uniform Customs and Practices for Documentary Credits, published by the International Chamber of Commerce) or lack of UCP knowledge;
- 3) Wrong/inefficient internal procedures or lack of necessary procedures; and 4) Absence of requisite resources—funds, technology, skills, checklists, knowledge, and trained manpower—for use in documentary credit matters.

International trade professionals who develop the skills to proactively manage these four situations can ensure almost error-free documentary compliance—resulting in hassle-free payment. Such proactive management consists of implementing a set of proper organizational, procedural, and technological steps. The accompanying table presents both the key reasons underlying common LC discrepancies and offers the appropriate remedies for each case. It can function as an invaluable checklist for management of the factors leading to LC discrepancies.

Just as there is a need for checklists to identify and rectify discrepancies in the documentation before presentation, there is a need for a checklist to identify and manage the usual or emergent factors leading to common or specific discrepancies. International trade pros should learn to manage not only the specific discrepancies notified by the banker, but also manage the common causal and contributory factors that lead to discrepancies in the first place. In other words, trade pros must master both discrepancy management and discrepancy prevention management as part of LC-based trade management. Discrepancy management can be defined as discrepancy rectification, while discrepancy prevention management consists of UCP knowledge management, LC terms negotiation management, shipment management, and documentation management.

PANAMA HAS ELIMINATED TAX ON INTERNATIONAL PHONE CALLS

As of February 3, 2005, the Government of Panama eliminated the 12% tax that was established last year on all outgoing international calls. This 12% tax had replaced an old tax of \$1 that for more than 15 years has been levied on all outgoing international calls. On December 1, 2003 Panama deregulated the telecommunications market and new companies began to offer a number of services that had been reserved for Cable & Wireless, according to the privatization plan implemented in 1998. Panama is actively promoting itself as the ideal place to install telecommunications and information technology businesses including Network Access Points (NAPs), telecom and internet peering points, collocation and data and call centers. Important players like Global Crossing, Worldcomm/UUnet, and Sky Online (former BCE/Telelobe) have decided to install Network Operation Centers in Panama, taking advantage of the benefits derived from the existence of submarine fiber optic cables on both coasts and the privileged geographical position of the country, which makes possible interconnection with the USA and Latin America over redundant routes. There are no barriers for the entrance of telecommunications services and equipment. Import duties average 10% for both telecommunications equipment and software. U.S. products and services are well accepted in the market and are regarded as being of excellent quality and price competitive. It is expected that the elimination of the tax on outgoing telephone calls will contribute to make Panama a more competitive market and will generate more interest by prospective new players. For more information on Panama's telecommunications market please contact: Ente Regulador de Servicios Públicos (Regulatory Entity) Tel: 507-265-3555, Fax: 502-265-3511, <http://www.ersp.gob.pa>
Contact: Horacio Robles, Telecommunications Section

U.S. PASSPORT FEES INCREASING

Effective March 8 Fees for the renewal of an adult passport will rise from \$55 to \$67. Passports for first-time adult applicants (or those who are unable to present their most recently issued passport) go up from \$85 to \$97; and the cost of a passport for a minor under age 16 goes from \$70 to \$82. The price hike is due to a \$12 surcharge now being levied to cover the costs associated with the newly redesigned U.S. passport. The new passports will contain a number of design changes, and will also contain a chip with security features that will make the passport a much more secure document.

**U.S.-EU AGREEMENT ON BROWN RICE
REACHED IN TRADE DISPUTE
United States Retains WTO Right to Retaliate if
Tariff Raised Again
Edited from U.S. State Department Website**

February 28, 2005: The United States and the European Union (EU) have reached agreement ending, at least for now, a World Trade Organization (WTO) case concerning EU tariffs on imports of brown rice, according to the Office of the U.S. Trade Representative (USTR). The agreement lowers the EU tariff rate, opening the market to more U.S. exports, and preserves the United States' right to retaliate with trade sanctions if the EU raises the tariff again.

In conjunction with its Common Agricultural Policy subsidies reform, the EU set the tariff rate at 65 euros per metric ton in September 2004, but the United States objected that the rate exceeded the rate to which the EU committed as part of its WTO obligations.

Under the agreement just announced for this dispute, the EU should impose a tariff rate of 30 euros if imports fall below a certain threshold and a rate of 42.5 euros if the volume of imports changes little; the threshold level would rise over time, USTR said.

The adjustment mechanism is scheduled to take effect March 1.

While the agreement allows the EU to raise the rate back up to 65 euros, it also continues indefinitely the U.S. right to impose retaliatory tariffs against imports from the EU, according to USTR. Ordinarily, under WTO rules the United States would have lost its right to retaliate March 1, six months after the EU raised its tariff.

**2005 SABIT GRANT PROGRAM STRENGTHENING
U.S.-EURASIAN PARTNERSHIPS**

Applications and all supporting documentation for the current grant under the Special American Business Internship Training Program (SABIT) must be received by April 1, 2005. Grants will be awarded by September 30, 2005. For more information, visit <http://www.mac.doc.gov/sabit/index.html>.

**MEDIATION: AN ALTERNATIVE TO COSTLY
INTERNATIONAL LITIGATION**

In spite of well-conceived sales contracts, exporters sometimes have problems getting paid. Among the options of litigation, arbitration and mediation, the latter is often the best choice. Frank Reynolds, a veteran seminar leader and author on international trade topics, has covered this subject in an excellent article, "Mediation: A Sane Alternative to Costly International Litigation." For a copy of Mr. Reynolds' 2-page article, contact us at little.rock.office.box@mail.doc.gov, Phone 501-324-5794, or fax 7380.

ALERT: NEW TWIST ON OLD SCAM

For more than two decades, authorities have battled an international mail scheme commonly known as the "Nigerian Bank Scam." In its traditional form, the scam involves a promise that an individual will pay the victim from a large pool of money being held overseas if the victim first sends a smaller amount of money as "security." The victim sends the money but then never again hears from the sender. Recently, a new twist on the old system has emerged. In this variation, the victim receives a cashier's check in the mail or via overnight delivery. The check is for a large sum of money from what appears to be a nationally recognized banking institution. No explanation accompanies the check, but the victim may attempt to deposit it into his or her bank account. Should the victim's bank accept the deposit, the check is routed to the financial institution of origin, where it is discovered that the account has been closed. The check is then forwarded to the original holder of the closed account, who now has the victim's banking information. It can take some time for the victim to realize that the integrity of his or her bank account has been compromised. For more information, go to the following website:

<http://myfloridalegal.com/newsrel.nsf/newsreleases/01C880AA5664696685256FAA00555DCF>

**U.S. CLARIFIES RULES ON
AGRICULTURAL SALES TO CUBA**

The Office of Foreign Assets Controls (OFAC) has amended the Cuban Assets Control Regulations to clarify that, in connection with authorized sales of agricultural exports to Cuba, the term "payment of cash in advance" means that payment is received by the seller or the seller's agent prior to shipment of the goods from the U.S. port at which they are loaded. This conforms to the common understanding of the term in international trade finance. A general license is included authorizing the processing of payments received for Commerce-approved agricultural exports to Cuba that are shipped prior to receipt of payment for a limited time. The general license only applies when the goods are shipped from the port at which they are loaded on or before March 24, 2005 and also requires that payment must be received by a U.S. banking institution on or before March 24, 2005 and prior to transfer of title to, and control of, the goods to the Cuban purchaser. For details go to

<http://www.treas.gov/offices/enforcement/ofac/actions/20050222.shtml>

**Blocked Countries Under U.S. Treasury
Department's OFAC Sanctions Controls**

Balkans	Burma (Myanmar)	Cuba
Iran	Iraq	Liberia
Libya	North Korea	Sudan
	Syria	Zimbabwe

For details go to:

<http://www.treas.gov/offices/enforcement/ofac/sanctions/>

COMMERCIAL NEWS USA

Commercial News USA is the official United States Department of Commerce showcase for American-made products and services. This catalog-style magazine is designed to help American companies promote products and services to buyers in more than 145 countries--at a fraction of the cost of other advertising options. Commercial News USA is distributed bi-monthly to readers outside the United States. Advertising in Commercial News USA is a unique tool for helping your company increase its exports.

The deadline for the May/June 2005 issue is March 11, 2005. For details go to
<http://www.export.gov/cnusa>

USEFUL WEB SITES

Super Searchers on Competitive Intelligence

It's a high stakes world in business these days and no company can afford to be ignorant of their competition. Luckily, there are lots of ways you can research your competitors on the Web. Just go to Super Searcher on Competitive Intelligence and you will find hundreds of links to good sources of information. Go to <http://www.infoday.com/supersearchers/ssci.htm>

Websites on Japan's Culture, Customs & Language

Selected by: Alain Letort
Commercial Officer, Tokyo, Japan

These web sites are recommended reading for business visitors to Japan, especially first-time business visitors. They present an overview of Japanese culture, customs, and etiquette. Japanese culture is very different from the American. All aspects of Japanese life, especially business relations, are governed by strict rules of etiquette. A foreign business person who is either ignorant of, or insensitive to, Japanese customs and etiquette needlessly jeopardizes his company's prospects in this country. An elementary knowledge of the language is also useful, although not required.

Japanese culture <http://www.japanguide.com>

Japanese etiquette <http://www.japan-guide.com/e/e622.html>

Japanese customs <http://www.japan-guide.com/e/e638.html>

"Japanese Culture: A Primer for Newcomers"
<http://www.thejapanfaq.com/FAQ-Primer.html>

"Japanese Manners & Etiquette"
<http://www.thejapanfaq.com/FAQ-Manners.html>

"Some Notes on Japanese Grammar"
<http://www.csse.monash.edu.au/~jwb/jgrammar.html>

"Japanese for the Western Brain"
<http://www.mindspring.com/~kimall/Japanese/index.html>

Jim Breen's Japanese Page
<http://www.csse.monash.edu.au/~jwb/japanese.html>

NAFTA Certificate of Origin Tool
<http://web.ita.doc.gov/ticwebsite/ticit.nsf/>

UPCOMING EVENTS

Asia Now: Successfully Exploring and Exporting to Asian Markets

Wednesday, April 6, 2005 – Memphis, Tennessee

This seminar will give you the information and tools you need to successfully enter and succeed in a specific market or the larger Asian region. For more information go to http://www.buyusa.gov/asianow/sco_meeting.html

Meet the Buyers Trade Mission –April 26-29, 2005 Toronto and Montreal, Canada

The trade mission will enable U.S. manufacturers of hardware, home improvement products, lawn and garden equipment and building products establish commercial relations and sell their products in Canada's hardware and home improvement retail market.

For more information contact:
Rita Patlan, Project Manager
Tel: 416/595-5412, Ext. 223 Fax: 416/595-5419
E-mail: rita.patlan@mail.doc.gov

Connie Irrera, Commercial Specialist
Tel: (514) 398-9695, ext. 2262 Fax: (514) 398-0711
E-mail: connie.irrera@mail.doc.gov

Rebuild Iraq 2005 April 4-7, 2005, Amman, Jordan

For more information, please visit the event website:
<http://www.rebuild-iraq-expo.com/>
For information on exhibiting in the USA Pavilion, please contact Bechara Nacouzi at tel. (514) 685-3530 or by e-mail at: bnacouzi@videotron.ca

For a copy of the latest Business Guide for Iraq go to:
http://www.export.gov/Iraq/bus_climate/businessguide_current.html

We hope you've enjoyed this edition of our newsletter. Any mention of non-government sources does not constitute endorsement. If you have any questions or comments, contact us at little.rock.office.box@mail.doc.gov
<http://www.buyusa.gov/arkansas>
Phone: 501-324-5794 Fax: 501-324-7380